



Governor  
**ERNIE FLETCHER**

**KENTUCKY WORKERS' COMPENSATION  
FUNDING COMMISSION**

42 Millcreek Park  
P.O. Box 1128  
Frankfort, Kentucky 40602-1128

Executive Director  
**JON ERIC NIELSEN**

**IMPORTANT NOTICE**

To: All Insurance Companies Providing Kentucky Workers' Compensation Coverage

Date: March 10, 2006

Re: Quarterly Premiums Report – 1st Quarter - Ending April 30, 2006

Report

Due Date: April 30, 2006

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Enclosed is a Quarterly Premiums Report for the quarter ending March 30, 2006.

This report and any Special Fund assessments due for the 1st Quarter of 2006 must be received in the office of the Kentucky Workers' Compensation Funding Commission, **or postmarked by the United States Postal Service, no later than April 30, 2006.** Please note that a company's postage meter with date is **not** considered an acceptable form of USPS postmark.

**All Employers 6.5%**

**Severance or Processing of Coal Additional 0.5%**

**Note that the "All Employers" rate for 2005 has changed to 6.5%, but the "Coal Additional" rate remains the same at 0.5%.** Also note that each reporting Insurance entity **must** submit a separate check per individual quarterly filing. Also notice that there is now a field to put the Contact Persons Email Address, below the Contact Persons phone number.

Please note that we now have an operational Web Site where you can download Quarterly Premium Report Notices and Forms. It can be reached at: [www.kwcfc.ky.gov](http://www.kwcfc.ky.gov) If you have any questions regarding this report, please call (502) 573-3505 and ask for Renee Campbell at extension 235. She can also be reached at [Renee.Campbell@ky.gov](mailto:Renee.Campbell@ky.gov)

**Jon E. Nielsen**  
**Executive Director**

Enclosure: Quarterly Premiums Report – 1st Quarter 2006

Note: Definitions & Instructions on Reverse side of Notice

PHONE: (502) 573-3505  
FAX: (502) 573-4023

[www.kwcfc.ky.gov](http://www.kwcfc.ky.gov)

## INSURANCE COMPANIES DEFINITIONS AND INSTRUCTIONS

- (1) **All Employers Special Fund Assessments** A Special Fund assessment is imposed upon premiums written or received by every insurance company, group self-insurer and self-insured employer providing coverage in accordance with the Kentucky Workers' Compensation Law (KRS 342). The Special Fund assessment is not imposed upon premiums written or received: (a) On contracts between insurers and reinsurers; (b) From excess or catastrophic coverage for self-insurers approved under the provisions of KRS 342; (c) From Federal Black Lung or other Federal workers' compensation provided individual self-insurers; and (d) From Longshoremen's and Harbor Workers' Compensation Act.
- (2) **Additional Assessment – Severance or Processing of Coal** In addition to the assessment imposed in (1) above, an additional Special Fund assessment is imposed upon premiums from employers engaged in the severance or processing of coal. This additional assessment is to be applied to the total premium, including administrative and selling functions, of any employer with any employees on its payroll engaged in any activity performed in Kentucky at underground, auger and surface mining sites, any activity performed at tipple or processing plants that clean, break, size or treat coal or any activity performed at coal loading facilities for trucks, railroads and barges, provided: (a) This additional assessment shall not apply to acts performed by final consumer at site of final consumption; (b) This additional assessment shall not apply to acts performed by independent truckers not otherwise affiliated with an employer engaged in the above coal severance or processing activities; (c) A business entity which is engaged in a separate business activity not related to coal, for which a separate premium charge is not made, shall be deemed to be engaged in the severance or processing of coal only to the extent that the number of employees engaged in the severance or processing of coal bears to the total number of employees.
- (3) **Policy Effective Dates** Annual effective date of insurance policy.
- (4) **Net Direct Written Premium** Net direct written premiums for the calendar quarter as reported in the annual statement to the Kentucky Department of Insurance, except net direct written premium shall include premiums charged off or deferred. Carriers are to remit assessments on additional premium from endorsements, retrospective or audit adjustments at the rate in effect on the effective date of the relative policy. Carriers shall take credit for premiums returned due to endorsements, retrospective or audit adjustments, cancellation of unearned premium or dividends at the rate in effect on the effective date of the relative policy.
- (5) & (11) **Adjustment For Deductible Policies** Adjustments to amounts listed in Columns (4) and (10) producing a Special Fund assessment premium base equal to the following:
- (a) Deductible policies with effective dates on or after January 1, 1995 – Calculated cost for coverage, including experience modification and premium volume discount, but excluding any schedule ratings, prior to any reduction for deductibles. Refund of assessments or additional assessments shall be based on the amount of premium that would have existed for the same or similar policy written without the deductible.
- (b) Deductible policies with effective dates on or after January 1, 1994 – Calculated cost for coverage, including experience modification and discount, prior to any reduction for deductibles. Refund of assessments or additional assessments shall be based on the amount of premium that would have existed for the same or similar policy written without the deductible.
- (c) Deductible policies with effective dates of May 6, 1993, through December 31, 1993 – (a) Calculated cost for coverage, including experience modification and discount, prior to any reduction for deductibles; or (b) the net deductible premium as reported in the annual statement to the Kentucky Department of Insurance, plus any reimbursements invoiced for losses, expenses, and fees charged under the deductible. Refund of assessments or additional assessments for policies assessed in accordance with (a) above shall be based on the amount of premium that would have existed for the same or similar policy written without the deductible.
- (d) Deductible policies with effective dates on or before May 5, 1993 – Net deductible premium as reported in the annual statement to the Kentucky Department of Insurance, plus premiums charged off or deferred.
- (6) & (12) **Adjustment For Schedule Ratings** For policies with provisions for deductibles effective on or after January 1, 1995, the premium base for Special Fund assessments shall not be modified by any schedule rating debits or credits. Enter in columns (6) and (12) increases or decreases to the calculated premium due to schedule rating debits or credits for deductible policies.
- (10) **Net Direct Written Premium** Amount in Column (10) for employers engaged in the severance or processing of coal as defined in (2) above.
- (19) **Adjustment From Previous Reports (Attach Explanation)** If the amount of premium returned results in a negative amount due on the Quarterly Report, this amount can either be requested by letter from the Kentucky Workers' Compensation Funding Commission, or can be deducted from subsequent Quarterly Report(s). If deducted from subsequent reports, indicate quarter for which credit is being taken. Premiums that were written or collected during previous reporting periods but which were unreported or incorrectly reported are to be reported separately on amended Quarterly Premiums Report(s).

**Penalty and Interest** Penalty and interest shall be applied to quarterly payments not received in the office of the Funding Commission or post-marked by the United States Postal Service by the 30th day of the month following the end of the calendar quarter. Interest shall be applied at the rate of 7% per annum for 2006, calculated on the number of days past due. A penalty of 1.5% per month shall be charged for any portion of any month that payment is past due without proration.

# KENTUCKY WORKERS' COMPENSATION INSURANCE COMPANY

## QUARTERLY PREMIUMS REPORT

(KRS 342.122)

Name of Company		<b>Report for 1st Quarter 2006</b>	
Address (Number, Street, Post Office Box) <input type="checkbox"/> New Address		* Federal Employer's ID Number (FEIN)	
City <span style="margin-left: 100px;">State</span> <span style="margin-left: 100px;">Zip Code</span>		Contact Person (Person Preparing Report) Name: <span style="float: right;">Title:</span>	
		Phone Number: (     )     - Email Address:	

**\* Mandatory Field for proper Credit**

Please complete report in accordance with instructions. Report and payment must be received in the office of the Funding Commission, or postmarked by the **United States Postal Service** no later than 30 days following the end of the calendar quarter reporting period.

**Related companies must submit separate reports and checks.** Make check payable to and mail report and check to:

**Kentucky Workers' Compensation Funding Commission**  
**#42 Millcreek Park, P.O. Box 1128, Frankfort, Kentucky 40602-1128**

(1) All Employers Special Fund Assessment						
(3) Policy Effective Dates	(4) Net Direct Written Premium Received	(5) Adjustment For Deductible Policies	(6) Assessment - Schedule Ratings (Deductible Policies)	(7) Assessment Premium Base [(4) + (5) ± (6)]	(8) % Rate	(9) All Employers Assessment [(7) x (8)]
On or Before 3-31-1989					23.30%	\$
4-1-1989 through 12-31-1991					16.90%	\$
1-1-1992 through 12-31-1993					11.68%	\$
1-1-1994 through 12-31-1994					12.30%	\$
1-1-1995 through 12-31-1995					9.70%	\$
1-1-1996 through 12-31-1996					9.00%	\$
1-1-1997 through 12-31-1997					9.00%	\$
1-1-1998 through 12-31-1998					9.00%	\$
1-1-1999 through 12-31-1999					9.00%	\$
1-1-2000 through 12-31-2000					9.00%	\$
1-1-2001 through 12-31-2001					9.00%	\$
1-1-2002 through 12-31-2002					11.50%	\$
1-1-2003 through 12-31-2003					11.50%	\$
1-1-2004 through 12-31-2004					11.50%	\$
1-1-2005 through 12-31-2005					9.0%	\$
1-1-2006 through 12-31-2006					6.5%	\$
<b>(16) Total All Employers Assessment .....</b>						\$
<b>(17) Total Coal Additional Assessment [from back of form] .....</b>						\$
<b>(18) Total Special Fund Assessment Due [ (16) + (17) ] .....</b>						\$
<b>(19) Adjustment From Previous Report [Attach Detailed Explanation] ....</b>						\$
<b>(20) TOTAL AMOUNT DUE [ (18) ± (19) ] (See Payment Info Below)</b>						\$

**IMPORTANT PAYMENT INFORMATION:** In order to properly credit your account, each reporting entity **MUST** submit a separate check per individual quarterly filing to the amount computed on line 20 above.

The undersigned certifies that this return has been examined and is, to the best of the undersigned's knowledge and belief, a true, correct and complete report made in good faith.

\_\_\_\_\_  
 President or Other Authorized Representative

\_\_\_\_\_  
 Title

\_\_\_\_\_  
 Date

**(2) Additional Assessment – Severance or Processing of Coal**

<b>(3) Policy Effective Dates</b>	<b>(10) Net Direct Written Premium</b>	<b>(11) Adjustment For Deductible Policies</b>	<b>(12) Adjustment - Schedule Ratings (Deductible Policies)</b>	<b>(13) Assessment Premium Base [(10) + (11) ± (12)]</b>	<b>(14) % Rate</b>	<b>(15) Coal Additional Assessment [(13) x (14)]</b>
On or Before 3-31-1989					40.00%	\$
4-1-1989 through 12-31-1991					47.00%	\$
1-1-1992 through 12-31-1993					47.28%	\$
1-1-1994 through 12-31-1994					48.90%	\$
1-1-1995 through 12-31-1995					25.70%	\$
1-1-1996 through 12-31-1996					24.00%	\$
1-1-1997 through 12-31-1997					3.00%	\$
1-1-1998 through 12-31-1998					1.00%	\$
1-1-1999 through 12-31-1999					1.00%	\$
1-1-2000 through 12-31-2000					1.00%	\$
1-1-2001 through 12-31-2001					1.00%	\$
1-1-2002 through 12-31-2002					1.00%	\$
1-1-2003 through 12-31-2003					1.00%	\$
1-1-2004 through 12-31-2004					.50%	\$
1-1-2005 through 12-31-2005					.50%	\$
1-1-2006 through 12-31-2006					.50%	\$
<b>(17) Total Coal Additional Assessment</b>						<b>\$</b>